

# ModernGraham Valuation

Baker Hughes, a GE  
company Class A



## Company Name:

Company Ticker BHGE

Date of Analysis

4/11/2018

## Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

*Defensive Investor; must pass 6 out of the following 7 tests.*

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$12,955,797,500	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.08	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-593433.33%	Fail
5. Earnings Growth	PEmg < 20	-102.47	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	0.90	Fail
7. Moderate Price to Assets			

*Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.*

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	2.08	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.65	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago Score		Fail

## Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	-\$0.30
MG Growth Estimate	-4.25%
<b>MG Value</b>	<b>\$0.00</b>
MG Value based on 3% Growth	-\$4.42
MG Value based on 0% Growth	-\$2.59
Market Implied Growth Rate	-55.49%

## MG Opinion

Current Price	\$31.22
% of Intrinsic Value	N/A
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>D</b>

## Stage 3: Information for Further Research

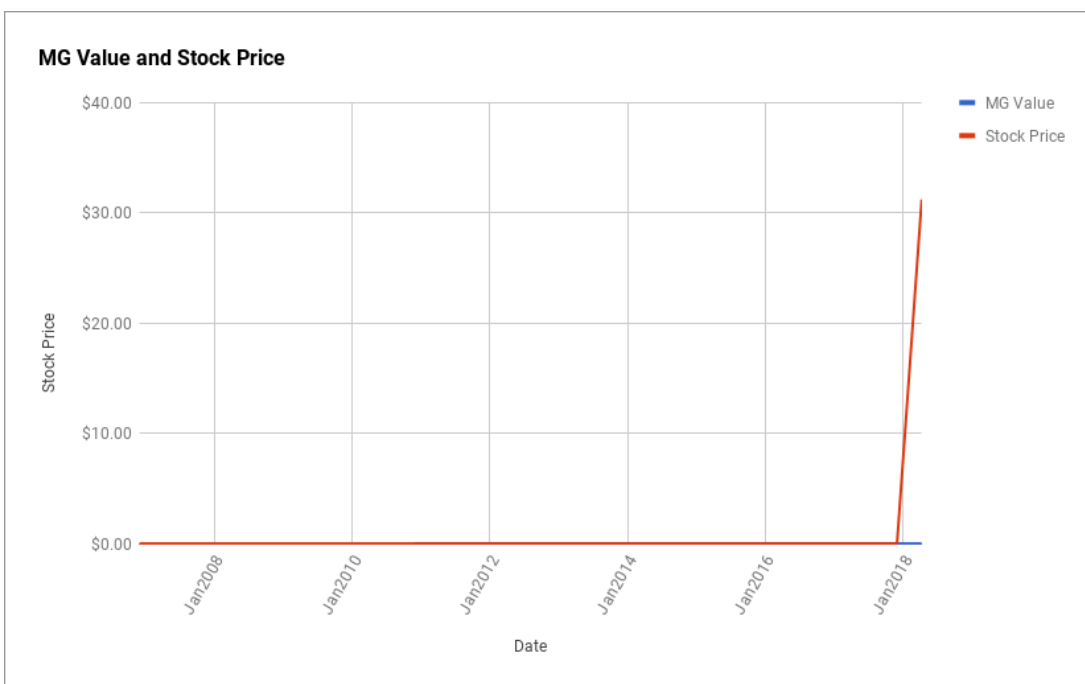
Net Current Asset Value (NCAV)	-\$56.23
Graham Number	\$11.74
PEmg	-102.47
Current Ratio	2.08
PB Ratio	0.90
Current Dividend	\$0.35
Dividend Yield	1.12%
Number of Consecutive Years of Dividend Growth	1

## Useful Links:

[ModernGraham tagged articles](#)  
[Google Finance](#)  
[Yahoo Finance](#)  
[GuruFocus](#)

[Morningstar](#)  
[MSN Money](#)  
[Seeking Alpha](#)  
[SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
	\$0.47		-\$0.30
Dec2017	-\$0.17	Dec2017	-\$0.61
Dec2016	-\$2.08	Dec2016	-\$0.69
Dec2015	\$0.00	Dec2015	\$0.00
Dec2014	\$0.00	Dec2014	\$0.00
Dec2013	\$0.00	Dec2013	\$0.00
Dec2012	\$0.00	Dec2012	\$0.00
Dec2011	\$0.00	Dec2011	\$0.00
Dec2010	\$0.00	Dec2010	\$0.00
Dec2009	\$0.00	Dec2009	\$0.00
Dec2008	\$0.00	Dec2008	\$0.00
Dec2007	\$0.00	Dec2007	\$0.00
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	<b>Balance Sheet Information 12/1/2017</b>	
Dec2000	\$0.00	Total Current Assets	\$18,499,000,000
Dec1999	\$0.00	Total Current Liabilities	\$8,897,000,000
Dec1998	\$0.00	Long-Term Debt	\$6,225,000,000
		Total Assets	\$57,050,000,000
		Intangible Assets	\$26,285,000,000
		Total Liabilities	\$42,341,000,000
		Shares Outstanding (Diluted Average)	424,000,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

## Recommended Reading:

**Other ModernGraham posts about the company**

- [Baker Hughes Stock Analysis – 2015 Annual Update \\$BHI](#)
- [28 Companies in the Spotlight This Week – 2/28/15](#)
- [Baker Hughes Inc. Quarterly Valuation – February 2015 \\$BHI](#)
- [26 Companies in the Spotlight This Week – 11/22/14](#)
- [Baker Hughes Inc. Quarterly Valuation – November 2014 \\$BHI](#)

**Other ModernGraham posts about related companies**

- [EOG Resources Inc Valuation – April 2018 \\$EOG](#)
- [ConocoPhillips Valuation – April 2018 \\$COP](#)
- [Devon Energy Corp Valuation – March 2018 \\$DVN](#)
- [Noble Energy Inc Valuation – March 2018 \\$NBL](#)
- [ONEOK Inc Valuation – March 2018 \\$OKE](#)
- [Marathon Oil Corp Valuation – March 2018 \\$MRO](#)
- [Hess Corp Valuation – March 2018 \\$HES](#)
- [Cimarex Energy Co Valuation – Initial Coverage \\$XEC](#)
- [EQT Corporation Valuation – March 2018 \\$EQT](#)
- [Helmerich & Payne Inc Valuation – March 2018 \\$HP](#)